

# *Idaho's Tax Structure*

Exemptions, Credits, Exclusions, and Deductions



# INTRODUCTION

This report is a comprehensive guide to the structure of Idaho's primary General Fund revenue sources. It provides a detailed examination of the various departures from the broadly defined *base* of the income and sales taxes. These two taxes supply well over 90% of the revenue that goes to the General Fund.

The everyday vernacular refers to these departures from the tax base as *tax breaks*. An analogous term used by fiscal analysts is *tax expenditures*. The most common forms they take in the codification of taxes are exemptions, credits, exclusions, and deductions. The end result is always the same: a tax that is defined on the basis of a broad economic concept (income, consumption, wealth, etc.) is not applied uniformly against the broad base of the tax.

The following pages provide both an inventory and an explanation of Idaho's sales and income tax expenditures. The goal is to facilitate greater understanding of these important elements of Idaho's overall fiscal structure. It is not an attempt to judge the merits of any particular tax expenditure.

The definition of a tax expenditure (for the purpose of this report) is *any provision of Idaho law that excludes some portion of the tax base on a selective basis*. Two illustrative examples are the sales tax exemption for prescription drugs and the income tax exclusion for interest earned on certain government-issued securities. In the first case a specific type of consumption (prescription drugs) is excused from the sales and use tax. In the second case a specific source of income (interest from government-issued securities) is excused from the income tax.

Limiting the definition of tax expenditures to Idaho tax provisions is arbitrary and is primarily done to limit the scope of this publication. Indeed, many federal income tax provisions have the effect of granting large tax expenditures within Idaho. The mortgage interest deduction is a good example. Although nothing technically prevents Idaho from treating mortgage interest different than the federal tax law, the practical ramifications prevent Idaho from making large deviations from federal tax law. Consequently, this report ignores tax expenditures that originate in federal tax law. It does, however, look at Idaho departures from the federal tax structure and treats them as Idaho-specific tax expenditures.

Some apparent tax breaks are not really tax expenditures, because their impacts lie outside of the basic definition of the tax base. The sales tax "exemption" for goods purchased for resale is one such case. This is because the sales tax is intended to apply to retail sales, and the "exemption" for goods purchased for resale is the statutory mechanism used to differentiate between retail and wholesale trade. The income tax rate brackets are another example of a tax policy that impacts the amount of revenue produced from the fundamental tax base, but are not considered a selective "exemption" for purposes of this report. That's because all income that falls into a particular bracket is taxed at that bracket's rate, regardless of the overall income (or any other characteristic) of the taxpayer.

This report includes estimates of the cost of each tax expenditure. This is an estimate of how much tax payment is being avoided by the beneficiaries of the tax expenditure. It is not an estimate of the revenue that would be raised by eliminating the tax expenditure. Several additional factors need to be considered when producing a revenue estimate associated with any particular tax law change.

In many cases, especially those involving substantial structural changes, tax law changes could reasonably be expected to change the economic behavior of taxpayers. The fiscal estimates included in this report are based on current economic behavior, meaning they reflect an environment that includes the effect of the tax expenditure. It should be noted that in many cases even the fiscal estimates based on the actual tax structure are difficult to produce. Attempting to factor in behavioral adjustments can add a substantial amount of complexity to the fiscal analysis.

Another factor that is not reflected in these fiscal estimates is the amount of tax gap. The tax gap is the difference between the theoretical amount of revenue associated with eliminating a particular tax expenditure and the actual revenue that would be realized. The probable size of the “tax gap” is impacted by a number of variables, including the manner in which a tax exemption is removed and the amount of resources that are allocated to compliance and collection efforts. Clearly these are variables that are “unknowable” prior to any specific proposal for law changes.

Tax expenditures are placed in the law for a variety of reasons. The primary reasons are to encourage a particular behavior on the part of taxpayers, to provide fiscal relief to particular taxpayers, or to simplify the administration of the tax laws.

In many cases, tax expenditures have an alternative, appropriation-based method for accomplishing the policy objective behind the tax expenditure. Often, the appropriation-based alternative will have significant differences (relative to the tax expenditure) in terms of overhead cost and public policy ramifications.

Overhead cost comparisons associated with tax expenditures vs. appropriations depend on the specific circumstances of the particular tax expenditure/appropriation alternative being considered, and the “value” of both is difficult to examine.

This is particularly the case with sales and income tax expenditures that are made in the context of confidential tax returns. This means that the beneficiaries are only known to the tax authorities. The secrecy of sales and income tax information is protected under felony penalty provisions. The confidentiality associated with tax expenditures seriously inhibits close scrutiny, and makes it difficult or impossible to establish the “value” (as opposed to the cost) of the tax expenditure.

Tax expenditures “cost” the public in the form of lost revenue that could otherwise be used to fund appropriations or reduce tax rates. However, the estimates of the amount of lost revenue contained in this report do not take into consideration the overhead that would be needed to collect the lost revenue. That overhead can vary from very large, as in the case of tax expenditures that are for the purpose of simplifying tax administration, to negative, as in the case of a tax expenditure that in itself increases the administrative costs associated with the particular tax.

# INDIVIDUAL AND CORPORATE INCOME TAX

The Idaho income tax is a tax levied on individuals and corporations based on their income during a 12-month tax period. In the case of businesses (proprietorships, partnerships, and corporations) the concept of income is not gross receipts, but rather is most closely associated with the economic concept of profit.

The rate of Idaho's income tax is a flat 7.6% on corporate income and a maximum of 7.8% on individual income. Rates on individuals vary from a low of 1.6% to a top rate of 7.8%. Idaho's individual income tax brackets are adjusted each year for inflation.

The tax expenditures granted under the income tax can be classified into two principle categories: exemptions based on the source of income (exclusions); and exemptions based on the use of income (deductions and credits). Source exemptions include interest from government securities, capital gains, and social security payments. Use exemptions include donations to educational institutions and purchases of equipment used in business enterprises. Notable features of the income tax structure that are within Idaho's policy discretion but are not considered tax expenditures include: the rate brackets, personal exemptions, and standard deductions. These features of the tax structure have the effect of reducing revenues, but they are not selective with regard to whom they apply.

A special note concerning tax expenditure definitions is relevant in the case of the income tax. Since the foundation of the Idaho income tax is federal adjusted gross income, there are a number of federal tax expenditures that are adopted in Idaho by default. These federal tax expenditures could technically be considered Idaho tax expenditures, since Idaho adopts them by law. However, this report takes the approach that federal tax expenditures related to the definition of taxable income are **not** Idaho tax expenditures. Thus, the federal tax expenditure associated with the mortgage interest deduction is not considered an Idaho tax expenditure. Similarly, Idaho's exclusion of social security income from the income tax base is treated as an Idaho tax expenditure only to the extent that it exceeds the partial federal exclusion for social security income.

## **The principal Idaho income tax expenditures relating to uses of income are:**

- Investment Tax Credit
- Other States Tax Credit
- Elderly Dependent Credit
- Youth and Rehabilitation Credit
- Schools, Libraries, and Museums Credit
- Grocery Credit
- Technological Equipment Deduction
- Long-Term Care Insurance Deduction
- Alternative Energy Device Deduction
- Insulation Deduction
- Workers' Compensation Premium Deduction
- Child Care Deduction
- College Savings Deduction
- Health Insurance Deduction
- Elderly and Development Disability Deduction
- Adoption Expense Deduction

Medical Savings Account Deduction  
New Employee Credit  
Riparian Land Improvements (Sunsets 2002)  
Broadband Investment Credit  
County Incentive Investment Credit (only 2000)  
Research Activity Credit

**The principal Idaho income tax expenditures relating to sources of income are:**

Capital Gains Exclusion  
Government Interest Exclusion  
Social Security Exclusion  
Railroad Retirement Exclusion  
Retirement Benefit Exclusion  
Idaho Lottery Winnings Exclusion  
Indian Earnings on Reservation Exclusion  
World War II Reparations Exclusion  
Marriage Penalty Deduction

## SALES AND USE TAX

The Idaho sales tax is a transaction tax levied on the purchase or use of goods and services by consumers, where consumers may be either individuals or businesses. Transactions involving purchases by businesses are included in the sales tax base if the goods or services are consumed by the purchasing business. Transactions involving purchases of goods or services for resale (including components or parts used in manufactured goods) are not considered a part of the sales tax base. The legal incidence of the Idaho sales tax is on the purchaser. Sales taxes are distant relatives of value-added taxes.

The rate of Idaho's sales tax has been 5% since April 1986. A temporary increase to 6% is in effect from May 2003 through June 2005. No partial exemptions exist. That is, nothing is taxed at a rate below 5% (6%) but above 0%.

Consumption, as an economic concept, can be divided into consumption of goods and consumption of services. The purchase of a hotel room is classified as a service, since it is only the right to use the hotel room for a limited time that it is being purchased. Purchase of a tent is classified as a good since the buyer becomes the owner of a tangible item. An interesting characteristic of Idaho's sales tax is that unless specifically exempted, purchase of a tangible good is a taxable event. On the other hand, the purchase of a service is generally not taxable unless the service is specifically included in the list of taxable transactions. Three major service categories that are completely taxable (and therefore are excluded from this compilation of tax expenditures) are "Hotels and Other Lodging Places", "Amusement and Recreation Services", and "Motion Pictures."

The tax expenditures granted under the sales tax can be classified in three principal categories: exemptions based on the *use* of the good or service, exemptions based on the *specific good or service* being purchased, and exemptions based on the *individual or entity* making the purchase or sale.

### **Principal Idaho sales tax expenditures relating to specific uses are:**

- Production Exemption - Equipment
- Production Exemption - Supplies
- Irrigation Equipment and Supplies
- Pollution Control Equipment
- Broadcast Equipment and Supplies
- Publishing Equipment and Supplies
- Commercial Aircraft
- Railroad Rolling Stock and Remanufacturing
- Interstate Trucks
- Out-of-State Contracts
- Trade-in Value
- Sales of Businesses or Business Assets
- Food Stamps/WIC
- Motor Vehicles Used Outside of Idaho
- Common Carrier Purchases and Out-of-State Sales
- Donations of Real Property to Idaho Government

Incidental Sales of Tangible Personal Property  
Lodging, Eating, and Drinking Places  
School Lunches and Senior Citizen Meals  
Drivers Education Automobiles  
Ski Lifts and Snow-grooming Equipment  
Clean Rooms

**Principal Idaho sales tax expenditures relating to specific goods and services are:**

**Goods Not Taxed**

Motor Fuels  
Heating Materials  
Utility Sales  
Used Mobile Homes  
Vending Machines and Amusement Devices  
Prescriptions and Durable Medical Equipment  
Funeral Caskets  
Containers  
Nonprofit Literature  
Official Documents  
Precious Metal Bullion  
Idaho Commemorative Silver Medallions  
New Manufactured Homes or Modular Buildings  
Telecommunications Equipment

**Services Not Taxed**

Construction  
Agricultural and Industrial Services  
Transportation Services  
Information Services  
Repairs  
Professional Services  
Business Services  
Personal Services  
Health and Medical Services  
Social Services  
Educational Services  
Lottery Tickets and Pari-Mutuel Betting  
Media Measurement Services  
Miscellaneous Services

**Principal Idaho sales tax expenditures relating to specific entities are:**

Educational Institution Purchases  
Hospital Purchases  
Health Entity Purchases



Canal Company Purchases  
Forest Protective Association Purchases  
Food Bank Purchases  
Non-sale Clothier Purchases  
Centers for Independent Living  
State of Idaho and Local Government Purchases  
Ronald McDonald House Rooms  
INEEL R&D Purchases  
Motor Vehicle Purchases by Family Members  
Sales by 4-H and FFA Clubs at Fairs  
Sales by Non-Retailers (Yard and Occasional Sales)  
Sales by Indian Tribes on Reservations  
Sales of Meals by Churches to Members  
Sales by Outfitters and Guides  
Sales Through Vending Machines  
Auto Manufacturer Rebates  
Incidental Sales of Churches  
Federal Excise Tax Imposed at Retail Level  
Federal Constitutional Prohibitions  
Federal and State Statutory Prohibitions

**Idaho Tax Structure**  
**Fiscal Summary**  
**\$ Thousands**

		<b>CY2001</b>	<b>CY2002</b>	<b>CY2003</b>	<b>CY2004</b>	<b>CY2005</b>	<b>CY2006</b>
<b>1.00</b>	<b>Income Tax Expenditures (Calendar Year Basis)</b>						
	<b>Uses of Income Not Taxed</b>						
1.01	Investment Tax Credit	\$22,304	\$30,217	\$22,661	\$25,511	\$27,947	\$29,749
1.02	Other States Tax Credit	\$26,259	\$29,514	\$30,644	\$32,454	\$34,120	\$35,981
1.03	Elderly Dependent Credit	\$415	\$408	\$455	\$462	\$469	\$478
1.04	Youth & Rehab Credit	\$6,090	\$6,467	\$7,164	\$7,629	\$7,875	\$8,120
1.05	Schools & Libraries & Museums Credit	\$2,527	\$3,832	\$3,685	\$3,903	\$4,103	\$4,327
1.06	Grocery Credit	\$23,767	\$23,715	\$23,909	\$24,265	\$24,618	\$24,976
1.07	Recycling Equipment Credit	\$11	\$35	\$11	\$24	\$24	\$24
1.08	Technological Equipment Deduction	\$61	\$42	\$43	\$46	\$48	\$51
1.09	Long-term Care Health Insurance Deduction	\$455	\$460	\$495	\$529	\$567	\$609
1.10	Alternative Energy Devices Deduction	\$231	\$230	\$236	\$250	\$262	\$275
1.11	Insulation Deduction	\$519	\$538	\$553	\$584	\$612	\$644
1.12	Workers' Comp. Premium Deduction	\$400	\$400	\$400	\$400	\$400	\$400
1.13	Child Care Deduction	\$2,935	\$3,012	\$3,034	\$3,042	\$3,063	\$3,081
1.14	College Savings Deduction	\$216	\$754	\$734	\$746	\$758	\$770
1.15	Health Insurance Deduction	\$7,523	\$7,074	\$6,082	\$6,472	\$6,902	\$7,390
1.16	Elderly & Dev. Dis. Deduction	\$9	\$9	\$9	\$9	\$9	\$9
1.17	Adoption Expenses Deduction	\$45	\$57	\$46	\$46	\$46	\$46
1.18	Medical Savings Accounts Deduction	\$1,101	\$1,050	\$1,079	\$1,137	\$1,191	\$1,255
1.19	New Employees Credit	\$89	\$1,210	\$88	\$1,510	\$1,510	\$1,510
1.20	Riparian Land Improvements	\$45	\$45	<i>Sunset</i>	<i>Sunset</i>	<i>Sunset</i>	<i>Sunset</i>
1.20a	Broadband Investment Credit	\$55	\$677	\$1,059	\$1,192	\$1,306	\$1,390
1.20b	County Incentive Investment Tax Credit	\$737	\$570	\$666	<i>Sunset</i>	<i>Sunset</i>	<i>Sunset</i>
1.20c	Research Activity Credit	\$490	\$301	\$417	\$470	\$515	\$1,250
	<b>Sources of Income Not Taxed</b>						
1.21	Capital Gains Exclusion	\$14,092	\$12,567	\$12,923	\$13,660	\$14,335	\$15,109
1.22	Government Interest Exclusion	\$6,255	\$3,543	\$3,485	\$3,680	\$3,785	\$3,900
1.23	Social Security Exclusion	\$21,685	\$21,748	\$22,791	\$24,017	\$25,028	\$27,065
1.24	Railroad Retirement Exclusion						
1.25	Retirement Benefit Exclusion	\$4,008	\$3,850	\$4,031	\$4,259	\$4,453	\$4,823
1.26	Idaho Lottery Winnings Exclusion	\$4,115	\$4,183	\$4,252	\$4,322	\$4,394	\$4,467
1.27	Indian Earnings on Reservation Exclusion	\$381	\$391	\$403	\$426	\$448	\$473
1.28	World War II Reparations Exclusion	\$0	\$0	\$0	\$0	\$0	\$0
1.29	Marriage Penalty Deduction	\$11,970	\$11,862	\$0	\$0	\$0	\$0
		<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>
<b>2.00</b>	<b>Sales Tax Expenditures (Fiscal Year Basis)</b>						
	<b>Specific Uses Not Taxed</b>						
2.01	Production Exemption-Equipment	\$55,538	\$54,590	\$60,790	\$67,665	\$72,963	\$77,327
2.02	Production Exemption-Supplies	\$42,042	\$41,324	\$46,018	\$51,222	\$55,233	\$58,537
2.03	Irrigation Equipment & Supplies	\$2,552	\$2,616	\$2,681	\$2,748	\$2,817	\$2,887
2.04	Pollution Control Equipment	\$3,031	\$2,615	\$2,698	\$3,029	\$3,317	\$3,492
2.05	Broadcast Equipment & Supplies	\$1,531	\$1,505	\$1,676	\$1,866	\$2,012	\$2,132
2.06	Publication Equipment & Supplies	\$98	\$96	\$107	\$120	\$129	\$137
2.07	Commercial Aircraft	\$1,575	\$1,575	\$1,575	\$1,575	\$1,575	\$1,575
2.08	Railroad Rolling Stock & Remanufacturing	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125
2.09	Interstate Trucks	\$5,744	\$5,958	\$6,058	\$6,154	\$6,201	\$6,517
2.10	Out-of-State Contracts	\$2,552	\$2,509	\$2,794	\$3,110	\$3,353	\$3,554
2.11	Trade-in Value	\$24,525	\$25,437	\$25,863	\$26,274	\$26,474	\$27,823
2.12	Sales or Lease of Businesses or Business Assets	\$1,211	\$1,191	\$1,326	\$1,476	\$1,591	\$1,687
2.13	Food Stamps/WIC	\$3,669	\$3,819	\$4,105	\$4,336	\$4,447	\$4,565
2.14	Motor Vehicles Used Outside of Idaho	\$13,698	\$14,208	\$14,446	\$14,676	\$14,787	\$15,541
2.15	Common Carrier Purchases & Out-of-State Sales	NA	NA	NA	NA	NA	NA
2.16	Donations of Real Property to Idaho Government	\$3	\$3	\$3	\$3	\$3	\$3
2.17	Incidental Sales of Tangible Personal Property	\$10	\$10	\$10	\$10	\$10	\$10
2.18	Lodging, Eating, & Drinking Places	\$45	\$47	\$50	\$53	\$55	\$57
2.19	School Lunches & Senior Citizen Meals	\$2,169	\$2,222	\$2,306	\$2,387	\$2,449	\$2,516
2.20	Driver Education Automobiles	\$33	\$33	\$32	\$31	\$31	\$32
2.21	Ski Lifts and Snowgrooming Equipment	\$500	\$500	\$500	\$500	\$500	\$500
2.21a	Clean Rooms	\$400	\$400	\$400	\$400	\$400	\$400
	<b>Goods Not Taxed</b>						
2.22	Motor Fuels	\$46,257	\$52,862	\$59,838	\$69,165	\$64,581	\$64,537
2.23	Heating Materials	\$2,420	\$2,763	\$3,159	\$3,882	\$3,517	\$3,154

**Idaho Tax Structure**  
**Fiscal Summary**  
**\$ Thousands**

		<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>
2.24	Utility Sales	\$60,687	\$59,625	\$61,414	\$63,256	\$65,154	\$67,109
2.25	Used Mobile Homes	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
2.26	Vending Machines & Amusement Devices	\$0	\$0	\$0	\$0	\$0	\$0
2.27	Prescriptions & Durable Medical Equipment	\$13,403	\$14,503	\$15,526	\$16,634	\$17,835	\$19,089
2.28	Funeral Caskets	\$789	\$833	\$889	\$949	\$977	\$1,006
2.29	Containers	\$21	\$22	\$23	\$25	\$25	\$26
2.30	Nonprofit Literature	\$93	\$94	\$96	\$97	\$99	\$100
2.31	Official Documents	\$46	\$47	\$47	\$48	\$49	\$50
2.32	Precious Metal Bullion	\$465	\$465	\$465	\$465	\$465	\$465
2.32a	Idaho Commemorative Silver Medallions	\$0	\$0	\$2	\$2	\$2	\$2
2.33	New Manufactured Homes or Modular Buildings	\$1,474	\$1,497	\$1,531	\$1,581	\$1,640	\$1,705
2.34	Telecommunications Equipment	\$548	\$602	\$663	\$729	\$802	\$882
<b>Services Not Taxed</b>							
2.35	Construction	\$79,806	\$83,431	\$93,175	\$102,322	\$101,807	\$101,209
2.36	Agricultural & Industrial Services	\$1,511	\$1,531	\$1,555	\$1,584	\$1,616	\$1,650
2.37	Transportation Services	\$14,463	\$14,535	\$14,910	\$15,435	\$16,062	\$16,675
2.38	Information Services	\$45,578	\$46,908	\$48,187	\$49,505	\$50,915	\$52,356
2.39	Repairs	\$29,132	\$30,770	\$32,343	\$34,091	\$36,002	\$37,964
2.40	Professional Services	\$140,499	\$148,395	\$155,982	\$164,412	\$173,627	\$183,091
2.41	Business Services	\$57,589	\$60,825	\$63,935	\$67,390	\$71,167	\$75,047
2.42	Personal Services	\$5,581	\$5,895	\$6,197	\$6,531	\$6,897	\$7,273
2.43	Health & Medical Services	\$208,807	\$225,942	\$241,868	\$259,133	\$277,848	\$297,384
2.44	Social Services	\$29,898	\$32,352	\$34,632	\$37,105	\$39,784	\$42,582
2.45	Educational Services	\$12,840	\$13,562	\$14,255	\$15,026	\$15,868	\$16,733
2.46	Lottery Tickets & Pari-Mutuel Betting	\$6,373	\$6,576	\$6,787	\$6,787	\$6,787	\$6,787
2.47	Media Measurement Services	\$44	\$45	\$46	\$48	\$49	\$51
2.48	Miscellaneous Services	\$1,260	\$1,331	\$1,399	\$1,475	\$1,557	\$1,642
<b>Specific Entities Not Taxed</b>							
2.49	Educational Institution Purchases	\$4,942	\$5,170	\$5,292	\$5,723	\$5,838	\$5,930
2.50	Hospital Purchases	\$12,021	\$13,007	\$13,924	\$14,918	\$15,995	\$17,120
2.51	Health Entity Purchases	\$221	\$236	\$249	\$262	\$274	\$287
2.52	Canal Company Purchases	\$681	\$694	\$707	\$722	\$734	\$747
2.53	Forest Protective Associations Purchases	\$30	\$31	\$31	\$32	\$32	\$33
2.54	Food Bank Purchases	\$160	\$168	\$177	\$187	\$195	\$204
2.55	Nonsale Clothiers Purchases	\$1	\$1	\$1	\$1	\$1	\$1
2.56	Centers for Independent Living	\$3	\$3	\$4	\$4	\$4	\$4
2.57	Idaho State & Local Government Purchases	\$17,146	\$18,357	\$18,400	\$19,658	\$20,292	\$21,055
2.58	Ronald McDonald House Rooms	\$1	\$1	\$1	\$1	\$1	\$1
2.59	INEEL R&D Purchases	\$3,117	\$2,990	\$3,273	\$3,652	\$3,953	\$4,196
2.60	Motor Vehicle Purchases by Family Members	\$1,607	\$1,667	\$1,695	\$1,722	\$1,735	\$1,824
2.61	Sales by 4H & FFA Clubs at Fairs	\$23	\$23	\$23	\$23	\$23	\$23
2.62	Sales by Non-Retailers (Yard & Occasional Sales)	\$1,824	\$1,914	\$2,022	\$2,132	\$2,226	\$2,333
2.63	Sales by Indian Tribes on Reservations	\$2,874	\$2,997	\$3,213	\$3,418	\$3,517	\$3,649
2.64	Sales of Meals by Churches to Members	\$8	\$8	\$8	\$9	\$9	\$9
2.65	Sales by Outfitters & Guides	\$13	\$13	\$13	\$13	\$13	\$13
2.66	Sales through Vending Machines	\$1,449	\$1,508	\$1,621	\$1,713	\$1,757	\$1,803
2.67	Auto Manufacturer Rebates	\$530	\$550	\$559	\$568	\$572	\$602
2.68	Incidental Sales of Churches	\$457	\$479	\$507	\$534	\$557	\$584
2.69	Federal Excise Tax Imposed at Retail Level	NA	NA	NA	NA	NA	NA
2.70	Federal Constitution Prohibitions	NA	NA	NA	NA	NA	NA
2.71	Other Federal & State Statutory Prohibitions	NA	NA	NA	NA	NA	NA

## TAX STRUCTURE DETAIL

Specific Idaho tax expenditures are detailed in the sections below. Each section contains the expenditure's *Idaho Code* reference, a brief description of its features, and its significant legislative and judicial history.

### INDIVIDUAL AND CORPORATE INCOME TAX

Income tax expenditures fall into one of three categories: exclusions, deductions, or credits. Exclusions are sources of income that are wholly or partially exempt from taxation. Deductions are uses of income (either actual spending or proxies for actual spending) that are wholly or partially exempt from taxation. Credits are deductions from the tax itself that are expressed either as a percentage of some qualifying amount or as a lump sum. Credits may be further divided into those that are refundable, meaning that they can exceed the taxpayer's tax liability and actually lead to a refund, and those that are non-refundable, meaning that they are only usable if there is a tax liability to offset.

In general, deductions and exclusions must be used in the year they are incurred, with the exception of business net operating loss (NOL) carry forwards. Credits may be carried forward for limited time periods in certain cases where specifically authorized in the law.

One notable feature that applies to all income tax expenditures is their interaction with federal income tax. Unlike the sales tax, the Idaho income tax is deductible from federal income taxes. This applies to all corporate taxpayers and to individual taxpayers who itemize their deductions. This means that the "benefit" of an Idaho income tax expenditure is split between Idaho taxpayers and the federal treasury. The terms of the split depend on the marginal federal tax rate of the taxpayer. For a taxpayer in the 35% federal bracket, the benefit of each dollar of Idaho tax expenditure is split \$.65 to the taxpayer, \$.35 to the federal treasury. This feature of the income tax is particularly significant in assessing the cost effectiveness of an Idaho tax expenditure as an incentive for some particular behavior.

#### 1.01 Investment Tax Credit *Idaho Code 63-3029B*

Description: Idaho's investment tax credit (ITC) is provided to businesses (proprietorships, partnerships, and corporations) that purchase qualifying property for use in their business. The credit amount is 3% of the qualified investment in depreciable property and is not refundable. The credit taken in a given tax year is limited to no more than 50% of the taxpayer's tax liability as calculated before considering the credit. Credits not used may be carried forward up to fourteen years from the year of qualifying property purchase. The definition of qualified investment is tied to the old federal ITC (repealed in the Tax Reform Act of 1986), with the exceptions that: a) the equipment must have Idaho situs; and b) motor vehicles under 8,000 pounds do not qualify. Mobile property that is only partially used in Idaho is allowed ITC in proportion to its use in Idaho.

History: Idaho's ITC was enacted in 1982. It was amended in 1987 to prevent its automatic repeal by the federal repeal of ITC in 1986. It was amended in 1992 in response to an Idaho Supreme Court case that changed the interpretation of how the credit is applied to equipment that is used both inside and outside Idaho. It was amended in 1994 to make technical changes relating to unitary corporations. It was amended in 1995 to

extend the carryover period from five to seven years, reduce the portion of tax liability that could be offset from 50% to 45%, and eliminated a restriction on replacement property. It was amended in 2000 to increase the portion of tax liability that could be offset from 45% to 50%, and to extend the carryover period from seven to fourteen years. It was amended in 2003 to provide an option to take a property tax exemption instead of the ITC.

### **1.02 Other States Tax Credit *Idaho Code 63-3029***

Description: The credit for taxes paid to other states is available to Idaho resident and part-year resident taxpayers who must pay income tax to another state or territory (or political subdivision thereof) on income that is also taxed by Idaho. The amount of credit is the lesser of the actual tax paid to the other state or territory, or the portion of Idaho tax attributed to the double-taxed income. The Idaho credit is not allowed if the other state or territory provides a credit for taxes paid to Idaho.

History: Initially enacted in 1939 along with the Idaho Income Tax Act. Amended in 1996 to add corporate income, franchise, or excise taxes paid by a subchapter S corporation.

### **1.03 Elderly Dependent Credit *Idaho Code 63-3025D***

Description: This is a refundable credit provided to a resident taxpayer who maintains a household for a family member(s), where that family member is over 65 years of age or developmentally disabled and the taxpayer provides over one-half of the family member's support. The amount of credit is \$100 for each such family member, with no more than \$300 available to the taxpayer in any single year. This credit is allowed in lieu of the elderly and development disability deduction allowed under *Idaho Code*, Section 63-3022E (see item 1.16).

History: Enacted in 1981. Amended in 1994 to add developmentally disabled persons to the credit.

### **1.04 Youth and Rehabilitation Credit *Idaho Code 63-3029C***

Description: This is a credit provided to taxpayers who make charitable contributions to the Anchor House, the North Idaho Children's Home, the Idaho Youth Ranch, the Children's Home Society of Idaho, Inc., Kinderhaven, Women's and Children's Alliance, Children's Village, Gem Youth Services, Hope House, non-profit centers for independent living located within Idaho, or to non-profit rehabilitation facilities located in Idaho and accredited by the Commission on Accreditation of Rehabilitation Facilities or their foundations. The credit is calculated as 50% of the contribution. For individual taxpayers the credit is limited to the lesser of \$100 or 20% of the taxpayer's income tax liability. For corporations the credit is limited to the lesser of \$500 or 10% of the taxpayer's income tax liability. There is no carry over provision.

History: The credit was enacted in 1982.

### **1.05 Schools, Libraries, and Museums Credit *Idaho Code 63-3029A***

**Description:** A credit is allowed for charitable contributions to Idaho public and private nonprofit schools (elementary, secondary, and higher education), their foundations, trusts, or associations; to Idaho Public Libraries and Library Districts, or their foundations; to Idaho Education Public Broadcast foundations; to the Idaho State Historical Society or its foundation; to the Idaho State Library; or to non-profit public or private museums located within Idaho. The credit is 50% of the contribution. In the case of individuals, it is limited to 20% of the taxpayer's income tax liability or \$100 whichever is less. In the case of corporations, the credit is limited to 10% of the tax liability or \$1,000 whichever is less.

**History:** Originally enacted in 1976, the school credit applied only to private nonprofit secondary or higher education institutions. Elementary schools were added in 1977. Public institutions of higher education were added in 1978. All public schools and public libraries were added in 1984. The Idaho Public Broadcast System was added in 1986. Foundations of the qualifying institutions were added in 1987. The Idaho Historical Society was added in 1992. Non-profit museums were added in 1994. The Idaho State Library was added in 1998. University-related research parks were added in 1999.

### **1.06 Grocery Credit *Idaho Code 63-3024A***

**Description:** This credit is available to every Idaho resident (or part-year resident) who appears as a personal exemption on an Idaho income tax return. It is not available to Idaho residents who do not have sufficient income to meet Idaho's income tax filing requirement unless they are over 62 years of age, are blind, or are a disabled American veteran. The credit amount is \$20 for individuals under 65 years of age, \$35 for individuals 65 years of age or older. Part-year residents are entitled to a proportionate credit reflecting the portion of the year they were domiciled in Idaho. There are no carry-over provisions associated with the grocery credit.

**History:** The grocery credit was originally enacted in 1965. It was amended in 1972 to make the credit refundable for residents over 65 years of age. It was amended in 1975 to make it refundable for resident taxpayers of all ages who meet the filing requirements. It is not refundable to non-residents. The grocery credit was amended in 1978 to raise the credit for individuals 65 years of age and older from \$20 to \$30. It was amended in 1983 to add statute of limitation to the credit. It was amended in 1996 to restrict the credit to residents. The grocery credit was amended in 2001 to raise the credit from \$15 to \$20 for individuals under 65 years of age and from \$30 to \$35 for individuals 65 years of age and older.

### **1.07 Recycling Equipment Credit *Idaho Code 63-3029D***

**Description:** This credit is for 20% of the cost of equipment used in manufacturing products that consist of at least 90% post-consumer waste. The credit is limited to no more than \$30,000 in a single tax year, and unused portions may be carried forward up to seven years. It is non-refundable.

**History:** This credit was enacted in 1994.

### **1.08 Technological Equipment Deduction *Idaho Code 63-3022J***

Description: A deduction from taxable income is allowed to individuals and corporations for the fair-market value of computers and scientific equipment (and computer software) that are donated to Idaho public schools, public libraries, or public and private colleges and universities. The equipment may not be over five years old at the time of donation, and the recipient must issue a written statement accepting the donation. The deduction cannot reduce taxable income to less than zero.

History: This deduction was enacted for schools in 1984 as 63-3025B. Libraries were added in 1985. Colleges and universities were added in 1995. The section was moved to 63-3022J in 1995.

### **1.09 Long-Term Care Insurance Deduction *Idaho Code 63-3022Q***

Description: This deduction from Idaho taxable income is for 100% of premiums for long-term care insurance.

History: Enacted in 2001. Amended in 2004 to cover 100% of long-term care insurance premiums. Original deduction applied to 50% premiums.

### **1.10 Alternative Energy Devices Deduction *Idaho Code 63-3022C***

Description: The Alternative Energy Device Deduction allows a deduction for the cost of acquiring, constructing, and/or installing wood, pellet, solar, wind, geothermal energy, or natural gas/propane devices in the taxpayer's residence. The deduction is limited to 40% of the cost in the first year and 20% of the cost in the next three years. No single year's deduction may exceed \$5,000. A taxpayer who buys a residence may claim any unused deduction associated with that residence subject to the restrictions noted above.

History: Enacted in 1976. Amended in 1994 to add natural gas and propane heating units, and to require that replaced wood burning stoves be surrendered to the Idaho Division of Environmental Quality.

### **1.11 Insulation Deduction *Idaho Code 63-3022B***

Description: This deduction is for the cost of insulation installed in buildings that "existed" as of January 1, 1976 and served as a residence of the taxpayer. A building "existed" if it was already built, under construction, or subject to an outstanding building permit. The insulation cannot be replacement for existing insulation.

History: Enacted in 1976.

### **1.12 Workers' Compensation Premium Deduction *Idaho Code 63-3022(p)***

Description: This deduction is allowed to self-employed individuals for the cost of workers' compensation insurance that has not already been deducted in arriving at taxable income.

History: Enacted in 1990.

### **1.13 Child Care Deduction *Idaho Code 63-3022D***

Description: The Child Care Deduction allows individual taxpayers to deduct childcare expenses which qualify for purposes of computing the federal child care credit. The maximum deduction allowed is \$2,400 for one qualifying child and \$4,800 for two or more qualifying children.

History: This deduction was enacted in 1977 in response to the federal switch from a deduction to a credit.

### **1.14 College Savings Deduction *Idaho Code 63-3022(o)***

Description: A deduction is allowed for amounts contributed to a college savings program (as defined in Chapter 54, Title 33, *Idaho Code*). The deduction is limited to a maximum of \$4,000 per tax year.

History: Enacted in 2000.

### **1.15 Health Insurance Deduction *Idaho Code 63-3022P***

Description: A deduction is allowed for payments for health insurance so long as those payments were not otherwise deductible from taxable income.

History: Enacted in 2000 for self-employed persons; added all persons in 2001.

### **1.16 Elderly and Development Disability Deduction *Idaho Code 63-3022E***

Description: This is a deduction from taxable income of \$1,000 for each eligible member of a household that is maintained by the taxpayer. The eligible members must be either 65 years of age or older, or developmentally disabled. The maximum amount of the deduction that the taxpayer can claim in any one tax year is \$3,000.

History: This deduction was enacted in 1981. Amended in 1984 to add developmentally disabled persons to the qualifying dependents. Amended in 1994 to allow the deduction on the developmentally disabled person's own return.

### **1.17 Adoption Expense Deduction *Idaho Code 63-3022I***

Description: This deduction is for up to \$3,000 of actual legal fees and medical costs incurred in an adoption.

History: This deduction was enacted in 1994.

### **1.18 Medical Savings Account Deduction *Idaho Code 63-3022K***

Description: This is a deduction for contributions to medical savings accounts. It is limited to a maximum of \$2,000 per taxpayer (per spouse on joint returns). Other restrictions apply.

History: This deduction was originally enacted in 1994 as Title 41, Chapter 53. Amended in 1995 to eliminate a restriction to high-deductible insurance policies, eliminated administrative responsibilities from the depository institution, and allowed taxpayer funded accounts to qualify. Also, it was moved to 63-3022K in 1995.



### **1.19 New Employees Credit *Idaho Code 63-3029F***

Description: A \$1,000 credit is granted for each new employee who was paid an average of \$15.50 per hour during the calendar year and was eligible to receive employer-provided accident or health insurance. A \$500 credit is available for each new employee in a business involved in manufacturing or processing any natural resource product. Businesses must choose between credits, since only one type of credit per new job can be used. The amount of credit that can be claimed in any one tax year is limited (along with most other credits) to 50% of the tax otherwise imposed, and may not exceed 3.25% of the taxpayer's net income. Unused credits may be carried forward up to 3 years.

History: Enacted in 2000. Amended in 2001 to cover all new employees, but only for tax year 2001. In 2003, the credit limit raised from 45% to 50% of tax otherwise imposed. Expanded in 2004 to include jobs that meet the hourly pay threshold and offer insurance coverage.

### **1.20 Riparian Land Improvements *Idaho Code 63-3024B***

Description: This is a 50% credit for expenditures related to improving the habitat for threatened/endangered species or riparian habitat. The credit is limited to no more than \$2,000 per person per year, and no more than \$250,000 for all such credits allowed in a single tax year.

History: Enacted in 1997, effective January 1, 1998, sunsets December 31, 2002.

### **1.20a Broadband Investment Credit *Idaho Code 63-3029I***

Description: This is a 3% credit for expenditures in qualified broadband equipment in Idaho. The credit is limited to no more than \$750,000 per taxpayer per year, and no more than the taxpayer's liability after all other credits in a single tax year. It can be carried forward for up to 14 years. This credit is transferable (sellable) to other taxpayers.

History: Enacted in 2001, effective January 1, 2001.

### **1.20b County Incentive Investment Tax Credit *Idaho Code 63-3029J***

Description: This is a variable rate credit for expenditures that qualify for Idaho's Investment Tax Credit (see 1.01). Its rate is the greater of one-half of the amount by which the average three-year unemployment rate in the county in which the property is located exceeds 6%, or one-tenth of one percentage point for each full percentage point the three-year average per-capita income level in the county in which the property is located is below 90% of the statewide average per-capita income level. The credit is limited to no more than \$500,000 per taxpayer, and no more than the taxpayer's liability after all other credits in a single tax year. It can be carried forward for up to 14 years. This credit is transferable (sellable) to other taxpayers.

History: Enacted in 2001, effective January 1, 2001, sunsets December 31, 2001.

### **1.20c Research Activity Credit *Idaho Code 63-3029G***

Description: This is a 5% credit for expenditures related to qualified research as defined in section 41 of the Internal Revenue Code. The research must be conducted in Idaho. The credit is limited to no more than the taxpayer's liability after all other credits in a single tax year.

History: Enacted in 2001, effective January 1, 2001.

### **1.21 Capital Gains Exclusion *Idaho Code 63-3022H***

Description: This exclusion is allowed for 60% of the gain from the sale of certain property. To qualify for this exclusion the property must have had an Idaho situs at the time of sale, and is limited to real property held for at least eighteen months; tangible personal property that was used in manufacturing, mining, agriculture, wholesaling, or research and development and held for twelve months or longer; cattle or horses held for twenty-four months or longer; other breeding livestock held twelve months or longer; or timber held for over twenty-four months or longer.

History: Enacted in 1987. Amended in 1995 to add various restrictions, including a requirement that qualifying timber must be grown in Idaho, and livestock gain claimants must derive at least half of their gross income from farming or ranching operations in Idaho. Amended in 1998 to reduce the holding period for real estate from five years to eighteen months.

### **1.22 Government Interest Exclusion *Idaho Code 63-3022(a)*;**

Description: This exclusion is for the amount of interest earned on securities issued by the State of Idaho and/or local governments, and interest earned on securities issued by the federal government. The interest exclusion must be reduced by an amount that is calculated by multiplying the taxpayer's total deductible interest expense, times the ratio of the value of assets subject to the government interest exclusion, to the value of the taxpayer's assets in total.

History: This exclusion has been in effect since enactment of the income tax.

### **1.23 Social Security Exclusion *Idaho Code 63-3022(o)***

Description: This exclusion is for the amount of social security income that is included in arriving at federal adjusted gross income. No social security income is subject to Idaho's income tax.

History: This exclusion was enacted in 1984 in response to federal taxation of a portion of social security income.

### **1.24 Railroad Retirement Exclusion *Idaho Code 63-3022(o)***

Description: This exclusion is for the amount of railroad retirement benefits paid by the Railroad Retirement Board that are included in federal adjusted gross income. Railroad retirement is the equivalent of social security for railroad employees.

History: Enacted in 1984.

### **1.25 Retirement Benefit Exclusion *Idaho Code 63-3022A***

Description: This exclusion is for retirement benefits paid by any of the following: a) U.S. civil service; b) fireman's retirement fund of Idaho; c) policeman's retirement fund of a city within Idaho; and d) U.S. Military. The exclusion is available to either retirees or un-remarried widows of retirees who are 65 years of age or older, or are disabled and 62 years of age or older. The exclusion is limited to the actual retirement payment or the maximum amount of social security benefits available, whichever is less.

History: This exclusion was enacted in 1973. It is revised annually by the Tax Commission to adjust the maximum exclusion amount.

### **1.26 Idaho Lottery Winnings Exclusion *Idaho Code 67-7439***

Description: Excludes Idaho Lottery prizes of less than \$600 from taxable income.

History: Originally enacted in 1988 as a 100% exclusion. Amended in 1997 to limit the income exclusion to prizes of less than \$600 (effective 1/1/98). Amended in 1998 to restrict the exclusion to Idaho State Lottery winnings.

### **1.27 Indian Earnings on Reservation Exclusion *Idaho Income Tax Regulation 30***

Description: Income earned on an Indian reservation by an Indian who lives on the reservation is not taxable by the state. To qualify for the exclusion, the Indian must be an enrolled member of a federally recognized Indian tribe.

History: This exclusion is the result of various treaties and case law.

### **1.28 World War II Reparations Exclusion *Idaho Code 63-3022G***

Description: Amounts paid to individuals from the United States Civil Liberties Public Education fund.

History: Enacted in 1989.

### **1.29 Marriage Penalty Deduction *Idaho Code 63-3022N***

Description: Idaho joint income tax returns are given an additional standard deduction amount equal to double the single standard deduction less the joint deduction. This deduction is not available to returns that claim itemized deductions. Beginning in 2003 the federal standard deduction for joint filers will be twice the standard deduction for single filers, which will eliminate the Idaho Marriage Penalty deduction.

History: Enacted in 1999 at a level of \$150. Amended in 2000 to make it the difference between the joint standard deduction and two times the single standard deduction. Eliminated in 2003 by federal tax policy.

## SALES AND USE TAX DETAIL

The following sales tax expenditures can be divided into four broad categories: 2.01 through 2.21a cover sales tax expenditures that are related to the specific uses of goods and services; 2.22 through 2.34 cover sales tax expenditures that are related to specific goods; 2.35 through 2.48 cover sales tax expenditures that are related to specific services; and 2.49 through 2.71 cover sales tax expenditures that are related to specific entities that receive exemptions on either all or part of the purchases or sales they make.

The listing for exempt services requires a special note. While a variety of classification systems are possible, the classification used here follows the structure of the North American Industry Classification System (NAICS) Manual, Executive Office of the President, Office of Management and Budget. This classification system was chosen because it is the basis for reporting a considerable variety of economic data, including that used for estimating the revenue impact associated with the various services delineated.

The NAICS coding system is based on the primary activity of the establishment being coded. For example, one of the activities included under the major group heading Personal Care Services is Barber Shops and Beauty Salons. The primary function of these establishments is the performance of haircuts and hair styling, both personal services that are presently exempt from sales tax. However, such establishments will also typically engage in retailing hair care products, transactions that are taxable. Thus, the receipts of a service establishment (such as a barbershop) can contain both exempt and taxable components. This is taken into consideration in the estimates of fiscal impact contained herein.

Another feature of the services classification used in this document relates to the classification of types of services vs. classification of industrial categories. NAICS categories include major groupings for Repair and Maintenance. This category includes repairs to televisions, stereos, appliances, tools, watches, jewelry, furniture, and most other tangible property. This group covers the bulk of all "repair services."

For these reasons, care must be taken in moving from this classification of services (based on NAICS definitions) and any other classification of services (based on broader conceptual notions, such as repairs to tangible personal property).

### **2.01 Production Exemption - Equipment *Idaho Code 63-3622D; 63-3622JJ***

Description: This feature of the production exemption exempts equipment used to produce a taxable product. Production activities covered by this exemption are limited to manufacturing, processing, fabricating, logging, farming, and mining. The equipment must be primarily and directly used in the production activity to qualify. Also, the claiming entity must be primarily engaged in a qualifying activity for its equipment to qualify. The only exception to this is logging, where any logging equipment qualifies.

Certain specific exclusions from the production exemption exist. They include: hand tools with a unit purchase price of \$100 or less; equipment that is used in activities other than the actual production activity; equipment used in research and development; equipment used in transportation, including motor vehicles and aircraft that are required to be licensed by any state; equipment used to make repairs; any

tangible personal property that is or is intended to become a component of real property; recreational vehicles; equipment used to produce exempted gas, electricity, water, heating materials, literature, or liquor.

**History:** This exemption was originally enacted in 1965 as 63-3622D. In 1987, custom farmers were added to the exemption by amending 63-3603, definition of farming. In 1989, 63-3605A was added to include contract loggers in the production exemption. In 1990, logging was moved to a separate section and expanded to include persons who are not primarily engaged in logging. It was amended in 1991 in response to the Haener decision (Idaho Supreme Court) by adopting the integrated plant doctrine, exempting equipment used to fabricate or install production equipment, and adding safety equipment.

## **2.02 Production Exemption - Supplies *Idaho Code 63-3622D, 63-3622JJ***

**Description:** This feature of the production exemption exempts supplies used in the process of producing a product for resale. Production activities covered by this exemption are limited to manufacturing, processing, fabricating, farming, logging, and mining. The supplies must be primarily and directly used in the production activity to qualify. Also, the claiming entity must be primarily engaged in a qualifying activity for its production supplies to qualify. The only exception to this is logging, where any logging supplies qualify.

Certain specific inclusions to the production exemption for supplies exist. They include: repair parts, lubricants, hydraulic oil, coolants, chemicals, catalysts, safety supplies (except for logging), and, in the dairy industry, disinfectants used to clean cow udders or to clean pipes, vats, or other milking equipment. Fuel used in logging trucks is also exempt.

Certain specific exclusions from the production exemption for supplies exist. They include: supplies that are used in activities other than the actual manufacturing, mining, farming, or logging process; supplies used in research or development; supplies used in transportation activities; repair supplies, other than parts for production equipment; any tangible personal property that is or is intended to become a component of real property; supplies used to produce exempted gas, electricity, water, heating materials, literature, or liquor.

**History:** This exemption was originally enacted in 1965 as 63-3622(d); custom farmers were added to the production exemption in 1987 by amending 63-3603, definition of farming; contract loggers were added in 1989 by adding 63-3605A. In 1990, logging was moved to a separate section and expanded to allow the exemption to apply to persons who are not primarily engaged in logging. Amended in 1991 in response to the Haener decision (Idaho Supreme Court) by adopting the integrated plant doctrine, exempting supplies used to fabricate or install production equipment, and adding safety supplies (except for logging). Amended in 1996 to add all fuel used in logging trucks.

### **2.03 Irrigation Equipment and Supplies *Idaho Code 63-3622W***

Description: Exempts agricultural irrigation equipment and supplies, even if attached to real property, and even if purchased by a contractor for an agricultural irrigation project.

History: Originally enacted in 1975 as 63-3622(f).

### **2.04 Pollution Control Equipment *Idaho Code 63-3622X***

Description: Exempts equipment required by regulatory agencies for air or water pollution control.

History: Originally enacted in 1977 as 63-3622(e). Amended in 1997 to add certain dry-cleaning equipment.

### **2.05 Broadcast Equipment and Supplies *Idaho Code 63-3622S***

Description: Provides an exemption for equipment and supplies used to produce and broadcast radio and television programs.

History: It was originally enacted in 1975 as 63-3622(w) and was amended in 1987 to add aircraft to the exclusions from the exemption.

### **2.06 Publishing Equipment and Supplies *Idaho Code 63-3622T***

Description: Provides an exemption for equipment and supplies used to publish advertising type newspapers that are sold or given away to the public, as long as the paper contains at least 10% editorial comment and advertising revenue is the publisher's primary source of income.

History: This exemption was originally enacted in 1979 as 63-3622(x). The only amendment in 1987 to this exemption was to add aircraft to exclusions from the exemption.

### **2.07 Commercial Aircraft *Idaho Code 63-3622GG***

Description: Exempts aircraft purchased for commercial transport of passengers or freight.

History: Enacted in 1988. Amended in 1994 to add any aircraft that are for use outside Idaho.

### **2.08 Railroad Rolling Stock and Remanufacturing *Idaho Code 63-3622CC; 63-3622DD***

Description: Provides an exemption for railroad rolling stock and for parts, equipment, and supplies used in the process of remanufacturing railroad rolling stock, whether or not the rolling stock is for resale. Rolling stock must have been used in interstate commerce at least three months prior to rebuild to qualify.

History: Enacted in 1986.

### **2.09 Interstate Trucks *Idaho Code 63-3622R***

Description: Exempts trucks weighing over 26,000 pounds that are registered under the international registration plan (or similar prorata system) and trailers that are used in a fleet operating in interstate commerce. Provides a recapture of sales tax on vehicles that are part of a fleet that are not used at least 10% outside Idaho during the calendar year.

History: Enacted in 1989.

### **2.10 Out-of-State Contracts *Idaho Code 63-3622B***

Description: Exempts goods purchased by contractors to install into real property in nontaxing states.

History: Originally enacted in 1965 as 63-3622(b), it was amended in 1993 to extend to non-Idaho contractors.

### **2.11 Trade-in Value *Idaho Code 63-3613(b)2***

Description: Excludes from the taxable sales price any amounts allowed for merchandise traded in on other like goods.

History: Enacted in 1965. Amended in 1990 to include trade-downs and barter.

### **2.12 Sale or Lease of Businesses or Business Assets *Idaho Code 63-3622K(b)(2-5)***

Description: Exempts sales of otherwise taxable merchandise, equipment, and supplies in cases where the entire business operation is undergoing transfer of ownership and the business itself will continue its operations. It also exempts sales of businesses that amount to change in the form of business ownership. It also exempts sales and leases of capital assets between closely related businesses, but only if the sales tax has previously been paid on the capital asset.

History: Originally enacted as 63-3622(l), it was amended in 1967 to add bulk sales and change in form of doing business by adopting a new definition section 63-3612A in 1967. Section 63-3612A was repealed and moved to 63-3622K in 1988, then amended in 1990 to add related business transfers and sales. Amended in 1996 to add leases of assets among family-owned businesses.

### **2.13 Food Stamps/WIC *Idaho Code 63-3622EE; 63-3622FF***

Description: Exempts goods purchased with WIC checks and federal food stamps.

History: Mandated in 1987 by the federal government.

### **2.14 Motor Vehicles Used Outside of Idaho *Idaho Code 63-3622R***

Description: Exempts vehicles under 26,000 pounds bought in Idaho for use outside Idaho. It also applies to trailers. (See 2.09 Interstate Trucks for vehicles over 26,000 pounds and trailers used in interstate commerce.)

History: Originally enacted as 63-3622(q) in 1965, it exempted vehicles sold in Idaho for use out-of-state. It was amended in 1989 to add weight limit.

### **2.15 Common Carrier Purchases and Out-of-State Sales *Idaho Code 63-3622Q, 63-3622P***

Description: Exempts goods delivered to buyers outside Idaho (63-3622Q) and in-state purchases by common carriers for use outside Idaho if transported out of Idaho under a bill of lading (63-3622P).

History: Originally enacted as 63-3622(p) and 63-3622(o) in 1965.

**2.16 Donations of Real Property to Idaho Government *Idaho Code 63-3621(l)***

Description: Allows an exemption from use tax for goods that are donated to either the State of Idaho or to a nonprofit listed in 63-3622O, where the goods are incorporated into real property.

History: Enacted in 1991.

**2.17 Incidental Sales of Tangible Personal Property *Idaho Code 63-3609***

Description: Exempts goods sold incidentally when selling real property, such as a stove and refrigerator included with a home.

History: Enacted in 1985.

**2.18 Lodging, Eating, and Drinking Places *Idaho Code 63-3612***

Description: Allows these industries an exemption for nondepreciable goods that are consumed by customers, such as guest hand soap provided in a motel room.

History: Enacted in 1988.

**2.19 School Lunches and Senior Citizen Meals *Idaho Code 63-3622J***

Description: Exempts federal meals programs for youth and elderly.

History: School Lunch programs were exempted in 1965 as 63-3622(k). Amended in 1974 to add sale of meals to aging persons under the Older Americans Act Program.

**2.20 Drivers Education Automobiles *Idaho Code 63-3622R(d)***

Description: Exempts the value of motor vehicles that are temporarily donated to drivers education programs.

History: Enacted in 1995.

**2.21 Ski Lifts and Snowgrooming Equipment *Idaho Code 63-3622Y***

Description: Exempts the lifts, snowgroomers, and snowmaking equipment used by the owner of a ski area.

History: Enacted in 1995.

**2.21a Clean Rooms *Idaho Code 63-3622NN***

Description: Exempts any tangible personal property that is used in or becomes a part of a “clean room” used to manufacture semiconductors. Also includes property that is used to maintain a clean room.

History: Enacted in 1999.



### **2.22 Motor Fuels *Idaho Code 63-3622C***

Description: Exempts motor fuels subject to motor fuels tax; exempts off-road fuels loaded in Idaho and used outside Idaho.

History: Originally enacted in 1965 as 63-3622(c). Exempted on road use of motor fuels; amended in 1986 to exempt locomotive fuels unless loaded and burned off in Idaho.

### **2.23 Heating Materials *Idaho Code 63-3622G***

Description: Exempts wood, coal, gas, and petroleum products used as a source of heat for either industrial or domestic purposes.

History: Originally enacted in 1965 as 63-3622(g).

### **2.24 Utility Sales *Idaho Code 63-3622F***

Description: Exempts sales of natural gas, electricity, and water delivered to consumers by means of wires, pipes, mains, or similar systems.

History: Originally enacted in 1965 as 63-3622(f).

### **2.25 Used Mobile Homes *Idaho Code 63-3622R***

Description: Exempts the sale of used manufactured homes from the sales tax.

History: Original 63-3622(q) amended in 1976 to exempt used manufactured homes.

### **2.26 Vending Machines and Amusement Devices *Idaho Code 63-3622II***

Description: Exempts coin-operated machines that vend a taxable product or service.

History: Enacted in 1990.

### **2.27 Prescriptions and Durable Medical Equipment *Idaho Code 63-3622N***

Description: Exempts most prescription medical items.

History: This exemption was originally enacted as 63-3622(q) in 1967 to exempt prescription drugs. It was amended in 1971 to add prescription oxygen and amended in 1976 to add prosthetics, limbs, wheelchairs, hearing aides, and crutches. It was amended in 1990 to add durable medical equipment, and numerous other prescription items. Amended in 1992 to clarify that dentures and other orthodontic appliances are taxable when purchased by the practitioner. Amended in 1998 to reverse the 1992 amendment, and provide that dental prostheses and other orthodontic appliances, except fillings, are exempt.

### **2.28 Funeral Caskets *Idaho Code 63-3622U***

Description: Exempts goods sold in conjunction with a funeral.

History: Originally enacted in 1977 as 63-3622(y).

### **2.29 Containers *Idaho Code 63-3622E***

Description: Exempts containers that are part of goods for sale, including returnable containers.

History: Originally enacted in 1965 as 63-3622(e).

### **2.30 Nonprofit Literature *Idaho Code 63-3622I***

Description: Exempts literature published and sold by 501(c)(3) nonprofit organizations.

History: Originally enacted in 1965 as 63-3622(j), exempting only religious literature. Amended in 1989 to include literature of all 501(c)(3) nonprofit organizations in response to the U.S. Supreme Court ruling in *Texas Monthly vs. Bullock*. Amended in 1999 to include alternative forms, including audio-visual, magnetic, optical, and other machine-readable media.

### **2.31 Official Documents *Idaho Code 63-3622AA***

Description: Exempts sales of documents when the fee for the document is set by *Idaho Code*.

History: Originally enacted in 1984.

### **2.32 Precious Metal Bullion *Idaho Code 63-3622V***

Description: Exempts sales of precious metal bullion and coins.

History: Originally enacted in 1982 as 63-3622(z).

### **2.32a Idaho Commemorative Silver Medallions**

Description: Exempts sales of Idaho commemorative silver medallions.

History: Originally enacted in 2003.

### **2.33 New Manufactured Homes or Modular Buildings *Idaho Code 63-3613(c)***

Description: Excludes 45% of the sales price of new manufactured homes and modular buildings from the taxable sales price.

History: Originally exempted 60% of the sales price of mobile homes when enacted in 1965. It was amended in 1976 to exempt 45% and add modular buildings (which were previously treated as real property improvements and taxed on materials as built).

### **2.34 Telecommunications Equipment *Idaho Code 63-3613(b), 63-3621(a)***

Description: Exempts from taxation the amount of discount or price reduction that is offered as an inducement to commence or continue telecommunications service.

History: Enacted in 1996.

### **2.35 Construction *Idaho Code 63-3609***

Description: Sales tax is paid on the cost of materials that are used in construction projects, but the labor component is generally not taxed. Mobile and manufactured homes are taxed on 55% of the sales price [*Idaho Code 63-3613(c)*] in order to give them equivalent treatment. NAICS major groups 233, 234, and 235 are included in this category.

History: The original language of the sales tax defined a "sale" as any transaction involving the exchange of tangible personal property for a consideration (*Idaho Code 63-3612*). In the section of the Sales Tax Act defining a retail sale it is stated that "all persons engaged in constructing, altering, repairing or improving real estate are consumers of the material used by them; all sales to or use by such persons of tangible personal property are taxable whether or not such persons intend resale of the improved property (*Idaho Code 63-3609*)."

### **2.36 Agricultural and Industrial Services**

Description: This category of services includes agricultural soil preparation, planting, cultivating, and harvesting; farm management; forestry service; and mining services. NAICS major groups 115 and 213 are included in this category.

History: Originally excluded from definition of sales tax base.

### **2.37 Transportation Services *Idaho Code 63-3613(b)7***

Description: Most charges for transportation of freight and passengers are exempt from the sales tax (*Idaho Code 63-3613(b)7*). Exceptions (i.e., taxable transportation charges) include transportation of manufactured homes by the dealer (*Idaho Code 63-3613(b)7*), the cost of transportation prior to the sale (*Idaho Code 63-3613(a)3*), and receipts from intrastate transportation of passengers or freight by air charter [*Idaho Code 63-3612(j)*]. NAICS major groups 481 through 492 are included in this category.

History: Transportation services have generally been exempt since the enactment of sales tax in 1965. The exclusion for transportation of manufactured homes was added in 1986. Air charter transportation of freight and passengers was made taxable in 1988.

### **2.38 Information Services**

Description: Subscriptions or charges for one-way and two-way transmissions of signals containing information (sound, images, data, etc.) and information services (internet providers, etc.) are not taxed. This exemption consists mostly of local and long-distance telephone service and cable television. NAICS major group 513 and 514 are included in this category.

History: Communications have been exempt since the enactment of the sales tax in 1965.

### **2.39 Repairs *Idaho Code 63-3613(b)4***

Description: The labor charges associated with repairing or installing tangible personal property are generally not taxable as long as they are separately stated on the bill. NAICS major group 811 is included in this category.

History: Exempt since enactment of the sales tax in 1965.

### **2.40 Professional Services**

Description: Legal, accounting, engineering, architectural, consulting, scientific research, and advertising services fall within this category. NAICS major group 541 is included in this category.

History: Exempt since enactment of the sales tax in 1965.

### **2.41 Business Services**

Description: Office services, employment services, building services, employment agencies, facility services, and security agencies are some of the major elements of this category. NAICS major groups 561 and 562 are in this category.

History: Exempt since enactment of the sales tax in 1965.

### **2.42 Personal Services**

Description: Laundry and dry cleaning, barbers and beauticians, shoe repair, funeral services, massage parlors, and escort services are among the elements of the personal services major group. NAICS major group 812 is this category.

History: Exempt since enactment of the sales tax in 1965.

### **2.43 Health and Medical Services**

Description: Doctors, dentists, hospitals, and nursing home services are the principal elements of this category. NAICS major groups 621 through 623 are in this category.

History: Exempt since enactment of the sales tax in 1965.

### **2.44 Social Services**

Description: Adult and child day care, residential care, and adoption services are some of the principal elements of this category. NAICS major group 624 is this category.

History: Exempt since enactment of the sales tax in 1965.

### **2.45 Educational Services**

Description: Elementary and secondary schools, colleges and universities, libraries, vocational schools, driving instruction, flight schools, and modeling schools are among the establishments covered by this category. NAICS major group 611 is this category.

History: Exempt since enactment of the sales tax in 1965.

#### **2.46 Lottery Tickets and Pari-Mutuel Betting *Idaho Code 67-7439***

Description: Exempts the sale and purchase of lottery tickets and pari-mutuel betting from the sales tax. Also exempts from sales tax any equipment used in lottery operations.

History: Enacted in 1988.

#### **2.47 Media Measurement Services *Idaho Code 63-3622LL***

Description: Exempts the sale and purchase of any television, radio, newspaper, or other media measurement service.

History: Enacted in 1997.

#### **2.48 Miscellaneous Services**

Description: This includes all personal service industries not classified elsewhere. Includes pet care, photo finishing, and parking lots and garages. NAICS major group 8129 is in this category.

History: Exempt since enactment of the sales tax in 1965.

#### **2.49 Educational Institution Purchases *Idaho Code 63-3622O(1)(a) and 33-5204***

Description: Exempts all purchases by nonprofit colleges, universities, primary and secondary schools. Excludes from exemption schools that primarily teach business, dancing, gymnastics, dramatics, music, cosmetology, writing, exercise, and "other special accomplishments."

History: This was originally enacted as 63-3622(s) in 1967 and amended in 1990 to add non-resident schools with Idaho facilities. It was amended in 1993 to add all non-resident schools not otherwise excluded. 33-5204 was added in 1999 to explicitly add charter schools to this exemption.

#### **2.50 Hospital Purchases *Idaho Code 63-3622O(1)(a)***

Description: Exempts all purchases by nonprofit hospitals that are licensed by the state for the care of ill persons. Excludes from exemption nursing homes or "similar institutions."

History: Originally enacted as 63-3622(s) in 1967.

#### **2.51 Health Entity Purchases *Idaho Code 63-3622O(1)(a)***

Description: Exempts all purchases by certain specified "health related entities." The list consists of: the Idaho Cystic Fibrosis Foundation, Idaho Epilepsy League, Idaho Lung Association, March of Dimes, American Cancer Society, Mental Health Association, The ARC, The Children's Home Society of Idaho, American Heart Association, Idaho Ronald McDonald House, United Cerebral Palsy, Arthritis Foundation, Muscular Dystrophy Foundation, National Multiple Sclerosis Society, Rocky Mountain Kidney Association, American Diabetes Association, Easter Seals, Idaho Community Action Agencies, Idaho Primary Care Association and its community health care centers, the Idaho Diabetes Youth Program, the Idaho Women's and

Children's Alliance, and Special Olympics Idaho. It also includes the local or regional chapters or divisions of these entities.

History: Amended in 1980 to add first list of health related entities. Amended in 1986, 1990, 1999 and 2000 to expand the list.

#### **2.52 Canal Company Purchases *Idaho Code 63-3622O(1)(a)***

Description: Exempts all purchases by canal companies. Canal companies are defined as nonprofit corporations whose sole purpose is operating and maintaining dams, reservoirs, canals, lateral and drainage ditches, pumps, and pumping plants.

History: Originally enacted in 1967 as 63-3622(s).

#### **2.53 Forest Protective Association Purchases *Idaho Code 63-3622O(1)(a)***

Description: Exempts all purchases by forest protective associations. Forest protective associations are associations that detect, prevent, and suppress forest or range fires. They include only those associations that contract with the State of Idaho pursuant to Chapter 1, Title 38, *Idaho Code*.

History: Enacted in 1979.

#### **2.54 Food Bank Purchases *Idaho Code 63-3622O(1)(b, c)***

Description: Exempts all purchases by food banks or soup kitchens. Includes the Idaho Food Bank Warehouse, Inc. by specific reference, and also includes any other nonprofit corporation or association "one of whose" primary purposes is the furnishing of food or food products to others without charge.

History: Enacted in 1991. Amended in 1998 to add "growing" to the list of activities that qualify for this exemption.

#### **2.55 Nonsale Clothier Purchases *Idaho Code 63-3622O(1)(d)***

Description: Exempts donations or sales of clothes to nonsale clothiers. Nonsale clothiers are defined as any nonprofit corporation or association "one of whose" primary purposes is the furnishing of clothes to others without charge.

History: Enacted in 1992.

#### **2.56 Centers for Independent Living *Idaho Code 63-3622O(1)(e)***

Description: Exempts sales to or purchases by centers for independent living. Centers for independent living are defined as private, non-profit, non-residential organizations where at least 51% of the governing board are individuals with disabilities.

History: Enacted in 1997.

**2.57 State of Idaho and Local Government Purchases *Idaho Code 63-3622O(1)(f)***

Description: Exempts Idaho governmental agencies from paying sales tax on purchases.

History: Enacted in 1997; exemption was done by Tax Commission regulation from enactment of the sales tax to 1997.

**2.58 Ronald McDonald House Rooms *Idaho Code 63-3622O(5)***

Description: This exempts the renting of a place to sleep by the Ronald McDonald House.

History: Enacted in 1997.

**2.59 INEEL R&D Purchases *Idaho Code 63-3622BB***

Description: Exempts goods used for research and development at the Idaho National Engineering and Environmental Laboratory (INEEL).

History: It was originally enacted in 1967 and exempted all federal research and development and nuclear fuel reprocessing under 63-3615. It was amended in 1969 to limit to INEEL only. It was recodified in 1985 as 63-3622BB and removed nuclear fuel reprocessing from the exemption.

**2.60 Motor Vehicle Purchases by Family Members *Idaho Code 63-3622K(c)***

Description: Exempts sales of motor vehicles between family members related within the second degree of consanguinity.

History: Section 63-3612A was amended in 1980 to add the sale of motor vehicles to family members. It was repealed and moved to 63-3622K in 1988.

**2.61 Sales by 4-H and FFA Clubs at Fairs *Idaho Code 63-3622K(b)7***

Description: Exempts sales of animals by any 4-H club or FFA club held in conjunction with a fair or the Western Idaho Spring Lamb Sale.

History: Enacted in 1979 by amending 63-3612A. Moved to 63-3622K in 1988.

**2.62 Sales by Non-Retailers (Yard and Occasional Sales) *Idaho Code 63-3622K(b)(1,6); 63-3622H***

Description: Exempts sales of items by individuals who are not retailers and who are not behaving as a retailer. Covers transactions such as occasional yard sales, occasional classified ad sales, etc. Motor vehicle sales are specifically excluded from this exemption.

History: Originally enacted as 63-3622(j, l) in 1965.

### **2.63 Sales by Indian Tribes on Reservations *Idaho Code 63-3622Z***

Description: Exempts sales by Indian Tribal Enterprises from sales and use tax. This exemption allows a tribal enterprise to make sales to both Indians and non-Indians without collecting sales tax. Further, it provides that no use tax applies to the purchase even if the non-Indian removes the goods from the reservation.

History: Originally enacted as 63-3622(aa) in 1984; exempted sales of tangible personal property by tribes within reservation boundaries; amended in 1987 to include sales of services and to define reservation.

### **2.64 Sales of Meals by Churches to Members *Idaho Code 63-3622J***

Description: Exempts meals sold at church functions to members of the congregation.

History: Originally enacted as 63-3622(k) in 1965.

### **2.65 Sales by Outfitters and Guides *Idaho Code 63-3613(b)9***

Description: Allows outfitters to exclude from the taxable amount charged to their customers the federal fees imposed on outfitters for the right to use recreational sites.

History: Enacted in 1990. Amended in 1994 to eliminate the provision that the federal fees must be for the purpose of managing the land or water upon which the outfitting occurs.

### **2.66 Sales Through Vending Machines *Idaho Code 63-3613(e)***

Description: Allows retailers selling products through vending machines for \$1.00 or less to pay tax on 117% of their acquisition cost of the products rather than on the retail sales price.

History: Enacted in 1977.

### **2.67 Auto Manufacturer Rebates *Idaho Code 63-3613(b)8***

Description: Allows dealers to deduct the amount of a rebate given to the buyer, by the motor vehicle manufacturer, from the taxable sales price of the vehicle.

History: Enacted in 1990.

### **2.68 Incidental Sales of Churches *Idaho Code 63-3622KK***

Description: Exempts sales by churches that do not regularly compete with private enterprise.

History: Enacted in 1990.

### **2.69 Federal Excise Tax Imposed at Retail Level *Idaho Code 63-3613(b)5***

Description: Excludes retail level federal excise taxes from the taxable sales price.

History: Originally enacted in 1965.



## **2.70 Federal Constitutional Prohibitions *Idaho Code 63-3622A***

Description: State cannot tax goods when prohibited by the U.S. Constitution.

History: Originally enacted in 1965 as 63-3622(a).

## **2.71 Other Federal and State Statutory Prohibitions**

Description: Exemptions granted from state sales tax by other state statutes and by federal statutes, such as the American Red Cross, Amtrak, Credit Unions, Emergency 911, Federal Intermediate Credit Banks, Federal Land Banks, Foreign Diplomats, Idaho Health Facility Authority, Idaho Housing Authority, Idaho Life and Health Insurance Guaranty Association, Idaho Onion Commission, Idaho Potato Commission, Idaho Turnpike Authority, Idaho Wheat Commission, Jr. College Dormitory Housing Authority, Production Credit Association, and Regional Airport Authority.

History: Varies by statute.

## CROSS REFERENCE TABLE

### In General Fund Revenue Book Order

	<b>Title</b>	<b>Idaho Code</b>
1.01	Investment Tax Credit	63-3029B
1.02	Other States Tax Credit	63-3029
1.03	Elderly Dependent Credit	63-3025D
1.04	Youth & Rehabilitation Credit	63-3029C
1.05	Schools, Libraries, and Museums Credit	63-3029A
1.06	Grocery Credit	63-3024A
1.07	Recycling Equipment Credit	63-3029D
1.08	Technological Equipment Deduction	63-3022J
1.09	Long-Term Care Insurance Deduction	63-3022Q
1.10	Alternative Energy Devices Deduction	63-3022C
1.11	Insulation Deduction	63-3022B
1.12	Workers' Comp. Premium Deduction	63-3022(p)
1.13	Child Care Deduction	63-3022D
1.14	College Savings Deduction	63-3022(o)
1.15	Health Insurance Deduction	63-3022P
1.16	Elderly & Developmentally Disabled Deduction	63-3022E
1.17	Adoption Expense Deduction	63-3022I
1.18	Medical Savings Account Deduction	63-3022K
1.19	New Employees Credit	63-3029F
1.20	Riparian Land Improvements	63-3024B
1.20a	Broadband Investment Credit	63-3029I
1.20b	County Incentive Investment Tax Credit	63-3029J
1.20c	Research Activity Credit	63-3029G
1.21	Capital Gains Exclusion	63-3022H
1.22	Government Interest Exclusion	63-3022(a)
1.23	Social Security Exclusion	63-3022(o)
1.24	Railroad Retirement Exclusion	63-3022(o)
1.25	Retirement Benefit Exclusion	63-3022A
1.26	Idaho Lottery Winnings Exclusion	67-7439
1.27	Indian Earnings on Reservation Exclusion	Idaho Income Tax Regulation 30
1.28	World War II Reparations Exclusion	63-3022G
1.29	Marriage Penalty Deduction	63-3022N
2.01	Production Exemption - Equipment	63-3622D 63-3622JJ
2.02	Production Exemption - Supplies	63-3622D 63-3622JJ
2.03	Irrigation Equipment & Supplies	63-3622W
2.04	Pollution Control Equipment	63-3622X
2.05	Broadcast Equipment & Supplies	63-3622S
2.06	Publishing Equipment & Supplies	63-3622T
2.07	Commercial Aircraft	63-3622GG
2.08	Railroad Rolling Stock & Remanufacturing	63-3622CC 63-3622DD
2.09	Interstate Trucks	63-3622R

	<b>Title</b>	<b>Idaho Code</b>
2.10	Out-of-State Contracts	63-3622B
2.11	Trade-in Value	63-3613(b)2
2.12	Sales or Lease of Businesses or Business Assets	63-3622K(b)(2-5)
2.13	Food Stamps/WIC	63-3622EE 63-3622FF
2.14	Motor Vehicles Used Outside of Idaho	63-3622R
2.15	Common Carrier Purchases & Out-of-State Sales	63-3622Q 63-3622P
2.16	Donations of Real Property to Idaho Government	63-3621(l)
2.17	Incidental Sales of Tangible Personal Property	63-3609
2.18	Lodging, Eating, & Drinking Places	63-3612
2.19	School Lunches & Senior Citizens Meals	63-3622J
2.20	Drivers Education Automobiles	63-3622R(d)
2.21	Ski Lifts and Snowgrooming Equipment	63-3622Y
2.21a	Clean Rooms	63-3622NN
2.22	Motor Fuels	63-3622C
2.23	Heating Materials	63-3622G
2.24	Utility Sales	63-3622F
2.25	Used Mobile Homes	63-3622R
2.26	Vending Machines & Amusement Devices	63-3622II
2.27	Prescriptions and Durable Medical Equipment	63-3622N
2.28	Funeral Caskets	63-3622U
2.29	Containers	63-3622E
2.30	Nonprofit Literature	63-3622I
2.31	Official Documents	63-3622AA
2.32	Precious Metal Bullion	63-3622V
2.32a	Idaho Commemorative Silver Medallions	63-3622PP
2.33	New Manufactured Homes or Modular Buildings	63-3613(c)
2.34	Telecommunications Equipment	63-3613(b) 63-3621(a)
2.35	Construction	63-3609
2.36	Agricultural & Industrial Services	
2.37	Transportation Services	63-3613(b)7
2.38	Information Services	
2.39	Repairs	63-3613(b)4
2.40	Professional Services	
2.41	Business Services	
2.42	Personal Services	
2.43	Health & Medical Services	
2.44	Social Services	
2.45	Educational Services	
2.46	Lottery Tickets and Pari-Mutuel Betting	67-7439
2.47	Media Measurement Services	63-3622LL
2.48	Miscellaneous Services	
2.49	Educational Institution Purchases	63-3622O(1)(a), 33-5204
2.50	Hospital Purchases	63-3622O(1)(a)
2.51	Health Entity Purchases	63-3622O(1)(a)
2.52	Canal Company Purchases	63-3622O(1)(a)

	<b>Title</b>	<b>Idaho Code</b>
2.53	Forest Protective Association Purchases	63-3622O(1)(a)
2.54	Food Bank Purchases	63-3622O(1)(b,c)
2.55	Nonsale Clothier Purchases	63-3622O(1)(d)
2.56	Centers for Independent Living	63-3622O(1)(e)
2.57	State of Idaho and Local Government Purchases	63-3622O(1)(f)
2.58	Ronald McDonald House Rooms	63-3622O(5)
2.59	INEEL R&D Purchases	63-3622BB
2.60	Motor Vehicle Purchases by Family Members	63-3622K(c)
2.61	Sales by 4-H & FFA Clubs at Fairs	63-3622K(b)7
2.62	Sales by Non-Retailers (Yard & Occasional Sales)	63-3622K(b)(1,6) 63-3622H
2.63	Sales by Indian Tribes on Reservations	63-3622Z
2.64	Sales of Meals by Churches to Members	63-3622J
2.65	Sales by Outfitters & Guides	63-3613(b)9
2.66	Sales Through Vending Machines	63-3613(e)
2.67	Auto Manufacturer Rebates	63-3613(b)8
2.68	Incidental Sales of Churches	63-3622KK
2.69	Federal Excise Tax Imposed at Retail Level	63-3613(b)5
2.70	Federal Constitutional Prohibitions	63-3622A
2.71	Other Federal & State Statutory Prohibitions	various

## CROSS REFERENCE TABLE

### In *Idaho Code* Order

<b>Idaho Code</b>		<b>Title</b>
Idaho Income Tax Regulation 30	1.27	Indian Earnings on Reservation Exclusion
33-5204	2.49	Educational Institution Purchases
63-3022(l)	1.23	Social Security Exclusion
	1.24	Railroad Retirement Exclusion
63-3022(m)	1.12	Workers' Comp. Premium Deduction
63-3022(o)	1.14	College Savings Deduction
63-3022A	1.25	Retirement Benefit Exclusion
63-3022B	1.11	Insulation Deduction
63-3022C	1.10	Alternative Energy Device Deduction
63-3022D	1.13	Child Care Deduction
63-3022E	1.16	Elderly & Developmentally Disabled Deduction
63-3022G	1.28	World War II Reparations Exclusion
63-3022H	1.21	Capital Gains Exclusion
63-3022I	1.17	Adoption Expense Deduction
63-3022J	1.08	Technological Equipment Deduction
63-3022K	1.18	Medical Savings Account
63-3022M	1.22	Government Interest Exclusion
63-3022N	1.29	Marriage Penalty Deduction
63-3022P	1.15	Health Insurance Deduction
63-3022Q	1.09	Long-Term Care Insurance Deduction
63-3024A	1.06	Grocery Credit
63-3024B	1.20	Riparian Land Improvement
63-3025D	1.03	Elderly and Developmentally Disabled Dependent Credit
63-3029	1.02	Other States Tax Credit
63-3029A	1.05	Schools, Libraries, and Museums Credit
63-3029B	1.01	Investment Tax Credit
63-3029C	1.04	Youth & Rehabilitation Credit
63-3029D	1.07	Recycling Equipment Credit
63-3029F	1.19	New Employees Credit
63-3029G	1.20c	Research Activity Credit
63-3029I	1.20a	Broadband Investment Credit
63-3029J	1.20b	County Incentive Investment Tax Credit
63-3609	2.17	Incidental Sales of Tangible Personal Property
	2.35	Construction
63-3612	2.18	Lodging, Eating, & Drinking Places
63-3613(b)2	2.11	Trade-in Value
63-3613(b)4	2.39	Repairs
63-3613(b)5	2.69	Federal Excise Tax Imposed at Retail Level
63-3613(b)7	2.37	Transportation Services
63-3613(b)8	2.67	Auto Manufacturer Rebates
63-3613(b)9	2.65	Sales by Outfitters & Guides
63-3613(c)	2.33	New Manufactured Homes or Modular Buildings
63-3613(e)	2.66	Sales Through Vending Machines
63-3621	2.16	Donations of Real Property to Idaho Government
63-3622A	2.70	Federal Constitutional Prohibitions
63-3622AA	2.31	Official Documents
63-3622B	2.10	Out-of-State Contracts

<b>Idaho Code</b>		<b>Title</b>
63-3622BB	2.59	INEEL R&D Purchases
63-3622C	2.22	Motor Fuels
63-3622CC	2.08	Railroad Rolling Stock & Remanufacturing
63-3622D	2.01	Production Exemption - Equipment
	2.02	Production Exemption - Supplies
63-3622DD	2.08	Railroad Rolling Stock & Remanufacturing
63-3622E	2.29	Containers
63-3622EE	2.13	Food Stamps/WIC
63-3622F	2.24	Utility Sales
63-3622FF	2.13	Food Stamps/WIC
63-3622G	2.23	Heating Materials
63-3622GG	2.07	Commercial Aircraft
63-3622H	2.62	Sales by Non-Retailers (Yard & Occasional Sales)
63-3622I	2.30	Nonprofit Literature
63-3622II	2.26	Vending Machines & Amusement Devices
63-3622J	2.19	School Lunches & Senior Citizens Meals
	2.64	Sales of Meals by Churches to Members
63-3622JJ	2.01	Production Exemption - Equipment
63-3622K(b)(1,6)	2.62	Sales by Non-Retailers (Yard & Occasional Sales)
63-3622K(b)(2-5)	2.12	Sale or Lease of Businesses or Business Assets
63-3622K(b)7	2.61	Sales by 4-H & FFA Clubs at Fairs
63-3622K(c)	2.60	Motor Vehicle Purchases by Family Members
63-3622KK	2.68	Incidental Sales of Churches
63-3622LL	2.47	Media Measurement Services
63-3622N	2.27	Prescriptions and Durable Medical Equipment
63-3622NN	2.21a	Clean Rooms
63-3622O(1)(a)	2.49	Educational Institution Purchases
63-3622O(1)(a)	2.50	Hospital Purchases
63-3622O(1)(a)	2.51	Health Entity Purchases
63-3622O(1)(a)	2.52	Canal Company Purchases
63-3622O(1)(a)	2.53	Forest Protective Association Purchases
63-3622O(1)(b, c)	2.54	Food Bank Purchases
63-3622O(1)(d)	2.55	Nonsale Clothier Purchases
63-3622O(1)(e)	2.56	Centers for Independent Living
63-3622O(1)(f)	2.57	State of Idaho and Local Government Purchases
63-3622O(5)	2.58	Ronald McDonald House Rooms
63-3622P	2.15	Common Carrier Purchases and Out-of-State Sales
63-3622PP	2.32a	Idaho Commemorative Silver Medallions
63-3622Q	2.15	Common Carrier Purchases and Out-of-State Sales
63-3622R	2.09	Interstate Trucks
	2.14	Motor Vehicles Used Outside of Idaho
	2.25	Used Mobile Homes
63-3622S	2.05	Broadcast Equipment & Supplies
63-3622T	2.06	Publishing Equipment and Supplies
63-3622U	2.28	Funeral Caskets
63-3622V	2.32	Precious Metal Bullion
63-3622W	2.03	Irrigation Equipment & Supplies
63-3622X	2.04	Pollution Control Equipment
63-3622Y	2.21	Ski Lifts & Snowgrooming Equipmnet
63-3622Z	2.63	Sales by Indian Tribes on Reservations
67-7439	1.26	Idaho Lottery Winnings Exclusion

Idaho Code		Title
	2.46	Lottery Tickets and Pari-Mutuel Betting

